

Message Text

SECRET

PAGE 01 SEOUL 03792 01 OF 02 150625 Z

11

ACTION PM-07

INFO OCT-01 EA-11 ADP-00 CIAE-00 DODE-00 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 EB-11 COME-00 TRSE-00 OMB-01 IGA-02 MC-02

ACDA-19 RSR-01 /132 W

----- 095978

P 150221 Z JUN 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 8303

S E C R E T SECTION 1 OF 2 SEOUL 3792/1

E. O. 11652: GDS

TAGS: MASS, KS

SUBJECT: FY 75-79 SECURITY ASSISTANCE: KOREA

REF: A. STATE 100776; B. STATE 024348

SUMMARY: THIS MESSAGE CONTAINS THE AMBASSADOR'S
COMMENTS ON FY 75-79 SECURITY ASSISTANCE FOR KOREA.

1. AT PRESENT THE WASHINGTON AGENCIES AND THE SENATE
HOUSE ARE IN THE PROCESS OF RE- EXAMINATION OF THE MODERN-
IZATION PLAN, ROK FORCE/ EQUIPMENT REQUIREMENTS AND FUTURE
MAP LEVELS. UNTIL THESE WASHINGTON DECISIONS ON THE
DIRECTION OF KOREAN MAP ARE MADE, IT IS NOT POSSIBLE TO
COMMENT IN DETAIL ON FY 75-79 PROGRAMS AS REQUESTED IN
REF B. HOWEVER, I DO WISH TO GIVE MY GENERAL VIEWS ON
THE IMPORTANCE AND THE DIRECTION OF THE KOREAN MILITARY
ASSISTANCE PROGRAM, WITH PARTICULAR REFERENCE TO THE
CONSIDERATIONS RAISED REF A.

2. U. S. OBJECTIVES:

OUR BASIC POLICY OBJECTIVE IN KOREA IS TO ASSURE THAT
HOSTILITIES DO NOT RESUME AND THAT THE PENINSULA DOES NOT
SECRET

SECRET

PAGE 02 SEOUL 03792 01 OF 02 150625 Z

BECOME THE FOCUS FOR RENEWED GREAT POWER TENSIONS. AT THE SAME TIME WE HAVE AN EXPLICIT SECURITY COMMITMENT TO THE REPUBLIC OF KOREA EMBODIED IN THE 1954 MUTUAL DEFENSE TREATY, AS WELL AS A POLICY OF SUPPORT OF THE ROK, INTERNATIONALLY AND IN ITS CONFRONTATION WITH NORTH KOREA.

3. CONSISTENT WITH OUR OVERALL POLICY THE KOREAN MAP IS INTENDED:

A. TO ASSIST THE ROK IN MAINTAINING MODERNIZED FORCES CAPABLE OF DETERRING OR DEFENDING AGAINST NORTH KOREAN AGGRESSION WITH U. S. AIR AND LOGISTIC SUPPORT, OR AGAINST NORTH KOREAN/ PRC AGGRESSION WITH U. S. AUGMENTATION, AND

B. TO INCREASE ROK SELF- RELIANCE AND REDUCE ROK DEPENDENCE ON U. S. MILITARY SUPPORT FOR ITS OWN DEFENSE.

4. THE MODERNIZATION PLAN:

THE MODERNIZATION PLAN BEGUN IN FY 71 IS VIEWED BY THE ROKG AS ESSENTIAL FOR ITS SECURITY AND AS ONE OF THE CRUCIAL FACTORS IN ITS ABILITY TO DEAL WITH STRENGTH IN ITS DIALOGUE WITH THE NORTH. FROM THE U. S. POINT OF VIEW, SUBSTANTIAL COMPLETION OF THE INVESTMENT PORTION OF THE MOD PLAN WILL CONTRIBUTE SIGNIFICANTLY TO PROVIDING THE ROK WITH A CREDIBLE DETERRENT FORCE, TO PRESERVING PEACE AND STABILITY ON THE PENINSULA, AND TO CREATING THE CONDITIONS FOR FURTHER DETENTE AND LESSENING OF TENSIONS. IT SHOULD ALSO MAKE POSSIBLE ULTIMATE ROK RESPONSIBILITY FOR MEETING ITS MATERIAL MILITARY NEEDS THROUGH ITS OWN RESOURCES.

5. THIS LATTER POTENTIAL IS A RESULT OF THE MAJOR ECONOMIC ACHIEVEMENTS OF THE ROK IN PAST AND THE IMPRESSIVE SUSTAINED GROWTH WHICH IS PROJECTED FOR KOREA THROUGH THE FY 75-79 PERIOD. SEOUL A-115 CONTAINS OUR LATEST DETAILED ASSESSMENT OF THE ROK ABILITY TO ABSORB ITS OWN DEFENSE COSTS. IN BRIEF, IT IS OUR JUDGMENT THAT THE KOREAN ECONOMY CAN ABSORB SUBSTANTIALLY INCREASED DEFENSE EXPENDITURES TO THE EXTENT REQUIRED OVER THE NEXT FEW

SECRET

SECRET

PAGE 03 SEOUL 03792 01 OF 02 150625 Z

YEARS WITHOUT SIGNIFICANTLY AFFECTING ITS VERY HIGH GROWTH RATE (BEGINNING IN 1973, GNP IS ESTIMATED TO RESUME ITS 9 - 10 PERCENT ANNUAL GROWTH) OR ITS IMPORVING DEBT SERVICE PSOTION. FURTHER, KOREA IS CURRENTLY EMBARKING ON AN AMBITIOUS HEAVY INDUSTRY PROGRAM WHICH WILL ULTIMATELY INCREASE ITS DEFENSE RELATED PRODUCTION CAPACITY.

6. MAJOR ELEMENT IN THE IMPRESSIVE ROK ECONOMIC PROPOSECTS WILL BE THE CONTINUING INFUSION OF FOREIGN LOANS, INCLUDING CONCESSIONAL ASSISTANCE, AND PRIVATE INVESTMENT. AT PRESENT THE MAJOR COMPONENT OF OUR ECONOMIC ASSISTANCE PROGRAM IS PL-480 CONCESSIONAL LOANS. IN THE FY 75-79 PERIOD U. S. CONCESSIONAL ASSISTANCE AILL DIMINISH AND THE MAJOR PART OF KOREA' S OUTSIDE RESOURCES WILL BE FROM INTERNTIONAL FINANCIAL AGENCIES AND JAPAN. WE FORESEE NO SIGNIFICANT THIRD COUNTRY MILITARY ASSIS-TANCE PROGRAM AND, AS POINTED OUT IN THIS MESSAGE, THE ROK WILL INCREASINGLY BE ABLE TO BEAR ITS OWN DEFENSE COSTS.

7. THERE FOLLOW MY SPECIFIC COMMENTS ON THE COMPONENTS OF THE MILITARY ASSISTANCE PROGRAM FOR KOREA:

A. GRANT ASSISTANCE:

I. " O& M" . WE HAVE INFORMED THE ROKG THAT THE GRANT ASSISTANCE FOR O& M IN FY 74 WILL BE NOR MORE THAN \$35 MILLION. WE EXPECT TO BE COMPLETELY OUT OF GRANT ASSISTANCE FOR " O& M" BY THE END OF FY 75. AS WE ARE REQUIRING THE KOREANS TO BEAR MORE OF THE O& M COSTS, THERE ARE CLEAR SIGNS THAT FOR T E FIRST TIME THEY ARE FACING UP TO ASSESSING THE ACTUAL NEED FOR THE 600,000 MEN ARMED FORCES. BY REDUCING O& M, WE ARE GETTING THE ROKG TO LOOK REALISTICALLY AT THEIR MILITARY SITUATION, THEIR MILITARY NEEDS AND THEIR RELATIVE PRIORITIES.

II. INVESTMENT ITEMS. THE COMMITMENT OF LOARGE SCALE GRANT ASSISTANCE FOR PROCUREMENT OF INVESTMENT ITEMS SHOULD BE TIED EXPLICITLY TO ACHIEVEMENT OF THE MODERNIZATION PLAN OBJECTIVES. IN COMUSK 180619 Z72 AND SEOUL 7245 (DECEMBER 18, 1972) WE RECOMMENDED AN APPROACH
SECRET

SECRET

PAGE 04 SEOUL 03792 01 OF 02 150625 Z

WHICH WOULD HAVE ALLOWED US TO SUBSTANTIALLY COMPLETE OUR MOD PLAN OBJECTIVES BY THE END OF FY 75. IF A MOD PLAN STRETCH- OUT IS DECIDED UPON, SIGNIFICANT GRANT ASSISTANCE MAY BE NECESSARY BEYOND FY 75. HOWEVER, WE CAN PROJECT THE END OF ALL MAJOR GRANT ASSISTANCE IN THE FY 76-77 TIME FRAME, DEPENDING UPON WASHINGTON MOD PLAN DECISIONS.

SECRET

NNNNMAFVVZCZ

ADP000

SECRET

PAGE 01 SEOUL 03792 02 OF 02 150511 Z

11

ACTION PM-07

INFO OCT-01 EA-11 ADP-00 CIAE-00 DODE-00 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 EB-11 COME-00 TRSE-00 OMB-01 IGA-02 MC-02

ACDA-19 RSR-01 /132 W

----- 095522

P 150221 Z JUN 73

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC PRIORITY 8304

S E C R E T SECTION 2 OF 2 SEOUL 3792/2

B. FMS:

THE LAST YEARS OF THE MOD PLAN SHOULD ALSO BE USED AS A TRANSITION TO THE INCREASED USE OF FMS CREDIT, LEADING LATER TO U. S. COMMERCIAL PROCUREMENT. THEREFORE, THE MOD PLAN AND FY 75-77 MAP PROJECTIONS SHOULD ENVISAGE A SUBSTANTIAL FMS CREDIT COMPONENT WITH A TARGET OF FURTHER TRANSITION TO COMMERCIAL PROCUREMENT IN THE FY 78-79 PERIOD.

8. THE FUTURE: PROSPECTS AND PROBLEMS

WE HAVE NOW REACHED THE WATERSHED IN THE KOREAN MILITARY ASSISTANCE PROGRAM. FOR GOOD AND CLEAR POLICY REASONS, COMPLETION OF THE MOD PLAN "I" PORTION THROUGH A GRANT ASSISTANCE PROGRAM IS AN ESSENTIAL ELEMENT IN THE ACHIEVEMENT OF OUR MAJOR POLICY AND MILITARY OBJECTIVES HERE. AT THE SAME TIME THE ROK IS CLEARLY NOW ABLE TO BEAR A SIGNIFICANTLY INCREASING SHARE OF THE COSTS OF ITS OWN DEFENSE. WITH SOME CONFIDENCE WE CAN PROJECT AN END TO THE NEED FOR GRANT ASSISTANCE IN THE MID-SEVENTIES AND TO CONCESSIONAL CREDIT SALES BY FY 78-79.

9. THERE ARE PROBLEMS, HOWEVER. WE HAVE NO ASSURANCE

SECRET

SECRET

PAGE 02 SEOUL 03792 02 OF 02 150511 Z

THAT THE SIGNIFICANT GRANT ASSISTANCE NECESSARY FOR COMPLETION OF OUR MOD PLAN OBJECTIVES WILL BE FORTHCOMING.

SECONDLY, THERE IS NO ASSURANCE THAT THE FMS CREDIT LEVELS NEEDED FOR THE TRANSITION FROM GRANT ASSISTANCE TO EVENTUAL COMMERCIAL PROCUREMENT WILL BE AVAILABLE. THERE IS CLEARLY THE NEED FOR FLEXIBLE, CREDIT ARRANGEMENTS, WHETHER FMS OR SOME VARIANT OF THE FULBRIGHT PROPOSAL, TO ASSURE THAT AS OUR MAP GRANT PROGRAM ENDS, WE CONTINUE AS THE ROK'S PRIME MILITARY PROCUREMENT SOURCE.

10. AS OUTLINED ABOVE THE MILITARY ASSISTANCE PROGRAM IN KOREA WOULD BE FULLY IN CONSONANCE WITH THE USG'S CONTINUING EFFORTS TO MOVE RECIPIENT COUNTRIES TO INCREASED SELF-RELIANCE. INDEED, IN KOREA, OUR LARGEST MAP BENEFICIARY, WE CAN NOW SEE BEYOND THE LARGE GRANT ASSISTANCE LEVELS OF THE PAST AND PRESENT TO A SITUATION IN THE MID-SEVENTIES IN WHICH THE ROKG WILL BE ABLE TO MANAGE ITS OWN DEFENSE COSTS, GIVEN APPROPRIATE TRANSITIONAL CONCESSIONAL CREDIT ARRANGEMENTS.
HABIB

SECRET

NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** SECRET

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SEOUL03792
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730619/aaaajakt.tel
Line Count: 246
Locator: TEXT ON-LINE
Office: ACTION PM
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: 73 STATE 100776, 73 STATE 024348
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 26 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26-Nov-2001 by kelleyw0>; APPROVED <20-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980206
Subject: FY 75-79 SECURITY ASSISTANCE: KOREA
TAGS: MASS, KS
To: PM
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005